

THE SME OWNERS' PERCEPTION ON CORPORATE SOCIAL RESPONSIBILITY: AN APPROACH BASED ON COGNITIVE MAPPING

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Abstract. The Corporate Social Responsibility (CSR) is now established as an integral part of corporate strategy and therefore as having an impact on the firm's perennial life. In spite of the large diffusion of the CSR topic and the importance of SME in national markets, the main researches focus on large companies. SME deserves its own tools. With the more direct impact of the manager decision, SME constitutes a privileged field of research for a cognitive approach of the corporate responsibility toward society. This approach, with a cognitive mapping technique will allow us to schematize the managers' representations about the stakeholders and their relation. The cognitive maps built will provide information about main CSR issues and make it possible to localize and highlight changes' brakes about those issues.

Keywords: corporate social responsibility, SME, corporate strategy

Corporate social responsibility: a definition

The success of academic research and at the same time all the researches from large companies and public authorities on Corporate Social Responsibilities (CSR), confirms a global motivation for a better control of the economic activity's influence on society. This success acknowledges that the economic activity does not lead automatically to the good of society.

There are other concepts often related to CSR like the business' ethics or the sustainable development. These concepts have their own specificities but refer to the same ground idea: beyond the strict respect of the legislation, a firm as a social responsibility towards various actors, called stakeholders, which are affected by the policies and practices of the company (Smith, 2003). A major idea is that CSR can be determined by the consequences of the company's activities on the stakeholders (Ackerman & Bauer, 1977). CSR's issues are articulated around a triple bottom line which includes: economical, social and environmental issues. The social responsibility is however an ambiguous concept, there is no universality about its definition. It does not always refer to the same reality; it all depends on who is talking about it (Xhaufclair & Zune, 2004).

CSR short history

According to the CSR's first authors such as *Berle & Means (1932)* or *Bowen (1953)*, the emergence of the concept is due to the increase in large companies of the CEO's power. They already define the social responsibility of the businessman as a voluntary integration of social values in the management. It is only in the early 70's that

CSR is integrated as a managerial issue that brings new models like the Carroll's (1979) well known pyramidal model. The meaning of the CSR concept has evolved since it first appeared. Previously the term was filled with a certain morality but today the idea goes more towards sustainable development (Cazal & Dietrich, 2005).

The power acquired by the companies mentioned previously transforms them into windows of society's values, furthermore with the general decline of the religion's, the state's or even family's powers. Various lobbies against this new economic power reinforce the success of CSR. The popularity of the subject generated the creation of many codes and principles, specialized standards, reporting tools and national regulations.

Ultimately the global enthusiasm about CSR issues is an encouraging sociological phenomenon for the companies. An accurate application of this concept supposes a predefined known behavior. There are two extreme kinds of corporate social responsiveness, the rejection behavior and the proactive behavior (Oliver, 1991). Carroll (1979) distinguishes between these extremes two more kinds of corporate social responsiveness, and named them the reactive, defensive, accommodating and proactive strategies. CSR behaviors are obviously not predefined but built in the relationship with the stakeholders and therefore the concept has to be perceived as a process and not as something pre-established.

A theoretical approach, called stakeholders' theory, is born with the development of the CSR concept. The notion of stakeholders already appeared in *Berle & Means works* (1932) but the term was used the first time only after by authors like *Ansoff* (1965). Freeman (1984) who developed the stakeholders' theory defines the concept of stakeholders as an individual or group who might be affected by any action taken by an organization. The stakeholders' theory considers the firm as a constellation of co-operative and rival interests (Donaldson & Preston, 1995). According to this theory the firms have responsibilities towards a group of stakeholders. This theory is generally perceived as a widening of the agency's theory of management. The agency's theory is a theory concerning the relationship between a principal, the shareholders, and an agent of the principal, the company's managers. Freeman (1984) with the creation of the stakeholders' theory extends this purely financial vision of corporate responsibilities preached by Friedman (1970). Each firm has specific stakeholders with single answers regarding the corporate strategy. To pay attention to those stakeholders could have a powerful effect on the strategy's chances (Ackermann & Eden, 2003).

An interesting characteristic of the stakeholders' theory is to take into account at the same time the managerial and business ethics issues. As a managerial theory, the stakeholders' theory is a tool which allows us to analyze the corporate environment. But in a broader way this theory is a new theory which includes ethical issues (Gond & Mercier, 2004). This is the most popular CSR theory, commonly used as a starting point for research on the topic (Capron, 2003).

The stakeholders' theory, just like the CSR concept has many limits on the practical, conceptual and even ideological levels. A recurrent criticism concerning the principles of CSR consists in the difficulty to put the theoretical approach into action. The multiplicity and ambiguity of the terminologies do not help. Another criticism is the extreme form of the theory which preaches for an equal responsibility towards all stakeholders regardless to the legitimate property rights.

In practice, we have to deal with the bounded rationality of the managers, influenced some time or other by the problems urgency or a personal interest. With this

bounded rationality the stakeholders' wishes cannot be taken into consideration exhaustively (Quairel & Auberger, 2004). The relevance of the corporate's answer to those wishes depends mainly on the leaders' perception (Dejean & Gond, 2003).

Corporate social responsibility within SME

In spite of CSR popularity and the uncontested weight of SME in national economics like Switzerland, only a few studies have been devoted to CSR in SME. The SME are a privileged empirical field of research but are rarely the research object and almost all the CSR tools developed are made for large companies (Castro, 2002). As indicated in a European Commission Report (2002), we know few things about the SME attitudes and activities concerning CSR. Like the well known "butterfly effect" implies, it would be dangerous not to pay attention to those small firm's actions.

Some characteristics about SME are well established like the uncontested manager's influence on employees and on firm policies. Another specificity of SME is the weak bureaucratic structures and the quasi inexistence of standard rules and procedures (Marchesnay, 2003). From those characteristics we can make out that in SME, the value system of the manager is a critical component of organization decision (Hornsby & al, 1994) and this is why the perception of ethics and social responsibilities are significant and can reveal the roots of social policies.

The CSR issues are a typical kind of issues that managers push back instead of facing up to them. The external pressure is often insufficient and even non-existent. The field of responsibility is generally fuzzy and actions often involve time and material resources usually difficult to obtain. According to the leadership theory, a leader will easily solve an issue if an external pressure is put on it, inculcated for example by the customer. With the absence of such a pressure, it is the similarity of the problem with other problems already solved successfully which will facilitate its resolution if the leader considers the problem to be in his direct sphere of responsibility and if the resources needed are available (Yukl, 2002). Based on this statement one can reasonably expect that case studies are potential sources of training for SME managers.

SME social management is also directed by the stakeholders' theory. One does not analyze however the relationship between the manager and the stakeholders as an agency relationship (*agency's theory*) but as a resource dependent relationship (*resource dependency theory*) (Quairel & Auberger, 2004). The company depends on the actors in its environment and thus its survival depends on the manager's aptitude to deal with the stakeholders' requests, mainly those who's contribution and support are decisive for the company perennial's life. It is the need of resources which is SME's main vulnerability (Salancik & Pfeffer, 1978).

In the context of SME, ethics and social responsibilities are strongly correlated. When we discuss the ethical consequences of the corporate activities, appears the concept of social responsibility (Mercier, 2004). The SME managers generally have difficulties making purely impersonal decisions (Hornsby & al, 1994). The SME manager is, according to Quinn's assumption (1997), more incline to use his own personal ethics in his management than any other CEO. In 1994, the article written by Smith & Oakley on the ethical value of the leaders of SME gives state of Art on research about CSR in SME. It clearly comes out that we still have a weak comprehension of the ethical values of the SME manager. The relationship between personal values and managerial actions is a challenge for the searchers studying organizational behaviors (Smith & Oakley, 1994). The results of a study by Hornsby &

al. (1994) on the ethical perception of SME managers contest the idea that for SME owners CSR is equivalent with law. The results show a much broader vision and sometimes even in complete illegality.

The SME management is characterized by proximity. This proximity is geographical but also temporal (Torres, 1997). A CSR process in SME supposes coherence between the manager's representations, resources and tools needed as well as external pressures. New tools are not enough for a good implantation of CSR process; we have to adapt the manager's cognitive system too (Quairel & Auberger, 2004).

Main research issues

No one argues that a firm is responsible for the social impact its activities have but also no one is able to border precisely those responsibilities and to state the right way to face them (Ackerman & Bauer, 1977). This study is devoted to SME and will be concerned with the SME managers' perception on stakeholders and the bonds between them. The main academic purpose of this research is to extend comprehension about SME and SME managers, to fill a gap in the already well furnished CSR research but also to test a promising tool in managerial cognition.

More specifically the research issues try to border responsibilities perception for SME manager using shared mental maps, to index non-economics issues, to draw a stakeholders' typology and to find motivations and brakes for explicit CSR strategy by studying influence links' representation. This study will also try to answer to those three broad matters: Is the CSR concept perceived as a new social constraint (as a pessimist view) or as an opportunity to claim the personal values of the SME owner? How the SME owners manage potential contradictions between economic interest and Stakeholders' expectations? What are the most important changes' brakes for solving CSR issues? All these issues which are still to be refined will be supplemented by a reflection about the contribution of the methodology used.

Methodology: cognitive mapping, an introduction

In order to understand managers' perception concerning corporate social responsibility, this study proposes to use a method borrowed from cognitive psychology called "Cognitive Mapping". With this method it won't be necessary to adjust a tool developed at the beginning for larges companies. This tool is especially adapted to the exploration of the mind and therefore it will fit to explore SME owners mind's too! The cognitive mapping is a methodology which makes it possible to capture and analyze mind representations. The global idea consists of extracting thoughts for example with a classic semi directive interview and to draw a chart, called cognitive map, revealing the evoked concepts and the links between them.

As soon as we try to schematize cognition, we can speak about cognitive maps (Verstraete, 1997). A cognitive map is usually defined as a graphical representation of the beliefs of an individual concerning a particular field (Axelrod, 1976). The broadest definition of a cognitive map defines itself as a chart of the mental representation the researcher makes about the discursive representation stated by the subject from his own mental representation about a particular issue (Cossette & Audet, 1994). This definition identifies cognitive map as a representation of a representation (Verstraete, 1997).

We will from now on use the term "cognitive map" for the output and keep the denomination "cognitive mapping" for the whole methodological process. In a more concrete way, the output of this methodology is a kind of directed graph. On this graph,

the arrows' direction indicates a belief of influence between two concepts (Eden, 2004). As a diagram, the cognitive map includes two basic elements: nodes and arrows between those nodes (Fuglseth & Gronhaug, 2002). The nodes symbolize the concepts and are represented by text's fragments that are connected by one-way arrows which symbolize the links. Various kinds of links can be taken into account (Eden, Ackermann & Cropper, 1992) but in this study we will more specifically be interested by influence links. Only the positive or negative influence links will be used here. In that case the term "cognitive map" is a commonly accepted abuse of language, when in fact we should talk about influence map (Cossette & Audet, 1994).

Among cognitive map typologies there is one who classifies the map according to the level of analysis:

1. The individual level: called also idiosyncratic level. This is the map of a human being (used by Cossette & Audet, 1992).
2. The collective level: the output is called composite map and it is built by superposition of individual charts (used by Bougon & Komocar, 1994).
3. The organizational level: the output is called strategic map and to create that map several individuals are brought together in order to create a common map (used by Eden, 1992)

In this study the cognitive map denomination will refer to a map at an individual level because of the influence of an SME owner on firm strategy.

A metaphor comes recurrently in the literature representing cognitive maps like roadmaps of our cognition. As well as a roadmap indicates the connections between the cities on a given territory, the cognitive map indicates, by analogy, how the beliefs are linked to each other. Laroche & Nioche (1994), take up again this geographical metaphor and explain that the cognitive map just like the geographical map is a reduction in two dimensions of the complex reality making it possible for people to find their way despite the loss of some information. The cognitive maps can be seen as a visual help to understand particular elements of thought (Eden, 1992) but as in geography, the chart is a representation of the territory, not to be confused with the territory itself (Wirtz, 2002).

In order to place the cognitive maps in the context of investigation, it seems relevant to make a short stop on their history. The paternity of cognitive maps is generally accorded to Tolman (1948) in relationship with his research on animal psychology (Schwenck, 1988). The expression of cognitive map was then used as an intangible mental representation and not yet as a concrete schema. It symbolizes the mental representation that an animal, and by extension a human being, is making of the space around him. Some authors prefer then to assign the true paternity of the cognitive maps, as a chart of a mental representation, to *Cartwright and Harary (1956)*. Those two authors were the first to represented graphically cognitive elements. Thereafter work on human being's developed with for example *Pailhous' research (1970)* which uses as subjects the Parisian taxi drivers. They had to draw by memory a map of the town of Paris. With this research, Pailhous was able to acknowledge the existence of a relation between objective performance from the drivers in the action and their representations defined by the quality of their roadmaps (Verstraete, 1996).

A few years later, mainly under the influence of the work of the sociologist Axelrod (1976), research using the cognitive mapping technique increased. He was first interested in the schematization of the political decision makers' thoughts and

developed methods to represent the cognitive maps in a diagram (Schwenck, 1988). The application in management has been developed since the 80's with the birth of the concept of "strategic management" which introduces cognitive and social dimensions in management. This is an extension of the critic of the supposed rationality used in main studies in management during the 70's. The owner's representations of the company and its surrounding belong to the organization's strategy because they feed the decision-making process which takes place into the development of the strategy. The socio-cognitive recent approach of the strategy supports the place of cognitive strategic management research (Stubbart, 1989). As Cossette (2000) wrote, the cognitive dimension is considered by a growing number of the scientific community members as essential for the explanation or for the comprehension of the organizations.

The use of a cognitive mapping tool in strategic management empirical research is growing fast, particularly since Eden and his associates' work in the 80's. The use of those maps to explore the cognitive structures of the members of an organization facing complex issues became well known a few years ago during the 90's (Huff, 1990). It became popular in disciplines such as organizational sciences, management, the strategy of company as well as decisional research (Fuglseth & Gronhaug, 2002).

Methodology validation

The choice of such a method appears judicious for several reasons. First of all, the exploration of the CSR within SME is a recent subject under development and with the complexity of the concept, it seems relevant to use a qualitative method leaving a certain freedom of answers and avoiding being locked up in predetermined ideas and values. That justifies the choice of a method using the in-depth interview. Indeed, qualitative methods are open by nature because of the collection of aspect ignored by the traditional quantitative methods of investigation: the meaning that the subject gives to the action and the organizational context in which it acts (Castro, 2002). Thus it is through the speeches of the leaders that CSR within SME issues will be studied.

Cognitive mapping is only one of the many possible techniques for a managerial cognition study. Frequently used are diagrams, scripts, systems of rules, in-depth interviews as well as mental models (Stubbart, 1989). Among those techniques, only in-depth interviews collect the ignored dimensions mentioned by Castro (2002). The other tools would require an exhaustively preliminary expertise from the researcher in order to be able to draw up integrally the possible behaviors. Cognitive mapping is using in its process the in-depth interview but goes further by providing a whole process with an output with valuable qualities. The output can be used as a managerial tool for leaders because of the well known liberating effect of the map. (Lecoeuvre & Verstraete, 1998) and is perceived as a tool to help the strategic decisions in group's (Cossette, 2001).

There are obviously advantages as well as limits to using this tool. The creation of a cognitive map can be helpful in structuring thoughts and thus making it possible to clarify a confused idea (Fiol & Huff, 1992) by reflecting it as a mirror (Smithin 1980). In the interpersonal relations, the creation of cognitive maps facilitates the diffusion of ideas. Calori & Sarnin (1993) established that the cognitive map makes it possible and facilitates the identification and the localization of communication problems. Fiol & Huff (1992) assessed that a cognitive map also makes it possible to consider ways of action. A cognitive map is therefore not a forecast model! It is more a support tool for

individual reflection. Thus it bears to communicate with the others and itself (Cossette, 2004).

Like Swan (1997) wrote, the different cognitive mapping techniques are potentially useful tools for managerial studies but it is necessary to be aware of their limits and to explain the use clearly in order to be able to use them in an efficient way and to avoid any exaggerated application. The cognitive mapping process allows a great place for the researcher's subjectivity. The researcher has a significant role during the process of construction which cannot be ignored (Cossette & Audet, 1994). To understand the importance of the researcher during the data collection process, one should consider that the subject interviewed prepared his speech according to the level of researcher's supposed knowledge. This is why any speech is partial. It is one of the most significant limits of this research, but it has to be weighted because one finds it in any produced speech and any interpretation of speech. Other limits explored by Axelrod (1976): the sincerity of the individual is questioned, the slowness of the method is criticized, and the exclusive presence of causal links and even only influence links and the lack of quantification in the connections. Lot of other operational limits are also frequently mentioned in the literature as the excess of focusing which can produce a narrow vision (concept of "vision tunnel" by Fiol & Huff, 1992), the lack of forecasting value or the limited lifespan of the map because of the dynamics of the mind's representation.

Methodology process

The cognitive map is the output of the cognitive mapping process (Eden, 2004). Whatever the method used, the process includes at least the two following stages: collecting data and coding it. The methodology used here is inspired by Cossette's works (various papers). While adapting to the investigation conditions, this method in five stages tries to produce the most valid and reliable data possible (Brown, 1992):

1. The exploration stage which includes the collection of the data.
2. The coding stage which keeps the original language of the subject (Fuglseth & Gronhaug, 2002).
3. The validation stage on the field, essential for the credibility of the study to limit the effect of a misunderstanding of the speech by the researcher.
4. The analyzing stage using the software Decision Explorer® (called previously COPE and developed by Eden and co). The analyzing stage gives meaning to the semantic network produced.
5. The dissemination stage is the stage of the process which propagates the results of stage four.

For the empirical investigation, an amount of 20 cognitive maps of SME managers is aimed at in order to provide a path of reflection to the study issues. This number is arbitrary but appears reasonable if we compare it to other investigations using a similar methodology. The sample is much diversified and doesn't claim to be representative. In fact it is quite an illusion to aim for a representative sample of SME. Half of the cognitive maps are already drawn and validated. Thus it is possible to present some preliminary results.

Intermediate results and expectations

The interpretation of the 10 first maps analysis gave us the following results. First, the perception of responsibility is understood in a broad way: the economic performance and the firm survival are integrated as matters of the social responsibility for the SME manager.

Considering this broad vision, the employment creation, preservation and development are the first responsibilities claimed by SME managers during the interviews. They spoke about the need of keeping the employability of the workers. About the definition of stakeholders, the employees are the priority stakeholders but many other stakeholders are taken in account instinctively by the managers. The systematically evoked stakeholders are then employees and in decreasing order: customers, suppliers, environment, the leader himself, the State and local community.

The social objectives to reach are mainly objectives toward the employees, the customers, the suppliers and the environment. There is also the objective to keep a good local reputation. As factors of explanation of the various behaviors one finds the fact of being SME, the number of suppliers, the frequency of the relationships to the suppliers but also changes in the social environment.

Within the SME the social responsibility's perception is personalized: The manager's ethics play an essential role in its perception of CSR. One can also note that the reflections are based on real live situations: usually, the reflections are generated by individual experimentations or other SME managers'. Concerning the way of formalization, SME managers have a motivation of an explicit justification of their values but those values are quite often disconnected from corporate strategy. The SME managers who use CSR as a core strategy manage more easily the ambiguity generated by the concept. Another observation is that the SME managers who have the lowest internal conflict potential with their way of thinking about CSR are the two extremes: managers who accept high ambiguity or managers who simplify reality a lot and voluntarily ignore some information.

The territorial dimension and the relationships of the company play a significant role in CSR perception of the manager. The industry branch of the SME has an irrefutable influence too. In spite of this expected sector influence one finds a certain number of common elements which can be considered as the axes of sensitivity of SME leader. Regardless of a diversified random sample, there are shared networks in the speeches. Some common topics come almost every time. Among the most central concepts we once again find the employees but also the regional influence and the difficulty to control their activity abroad.

All those intermediate results have to be confirmed, developed and refined at the end of the study but one can already deduce with those suggestions that the CSR concept is perceived by SME managers in the way of the surroundings of the company's development. Every individual map has also to be analyzed separately in the purpose of localizing and highlight changes' brakes about those issues.

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